

To:  
Rural Health  
Clinics  
HMOs and Other  
Managed Care  
Programs

## Revised Policy for the Accounting of Medicare Part C/Medicare Advantage in 2006 Cost Settlements

This *Wisconsin Medicaid and BadgerCare Update* announces policy changes in the accounting of Medicare Part C/Medicare Advantage activity in 2006 cost settlement calculations for Rural Health Clinics.

The Centers for Medicare and Medicaid Services has indicated that Medicare Part C/Medicare Advantage activity may not be included in the Medicare cost report.

### 2005 Cost Settlement Reports

All 2005 Rural Health Clinic (RHC) cost settlements continue to use the Medicare cost report weighted averaging methodology to allocate Medicare reimbursement on the RHC cost report. Medicare Part C/Medicare Advantage activity is not separated out, but is included as part of Medicare crossover activity. Wisconsin Medicaid uses the Medicare cost report settlement to allocate reimbursement received for *all* crossover activity on the Medicaid RHC cost report.

### 2006 Cost Settlement Reports

Beginning with submission of 2006 cost settlement reports, RHCs are to provide claim information for claims submitted for Medicaid fee-for-service or Medicaid managed care

programs for dual eligibles enrolled in Medicare Part C/Medicare Advantage if they desire to have the activity split out from the weighted averaging methodology of allocating Medicare reimbursement in cost settlement.

Wisconsin Medicaid defines claim information for cost reporting purposes as the following:

- Recipient's full name.
- Medicaid recipient identification number.
- Date of service.
- Healthcare Common Procedure Coding System or *Current Procedural Terminology* procedure code.
- Amount billed.
- Reimbursement received.

Claim information submitted for Medicare Advantage activity will be classified as Medicaid/commercial health insurance on RHC cost reports and will be subject to the same constraints as commercial health insurance.

If an RHC is not able to provide Medicare Part C/Medicare Advantage claim information to Wisconsin Medicaid, then cost settlements will

be calculated using the weighted averaging methodology and counted as part of Medicare crossover activity.

### **Information Regarding Medicaid HMOs**

In accordance with the HMO contract, when an HMO contracts with a Medicaid-certified RHC for the provision of services to its Medicaid enrollees, the HMO must negotiate payment for rates for that RHC on the same basis it negotiates with other clinics and primary providers.

This *Wisconsin Medicaid and BadgerCare Update* contains the cost settlement calculations for both Medicaid fee-for-service and managed care.

The *Wisconsin Medicaid and BadgerCare Update* is the first source of program policy and billing information for providers.

Although the *Update* refers to Medicaid recipients, all information applies to BadgerCare recipients also.

Wisconsin Medicaid and BadgerCare are administered by the Division of Health Care Financing, Wisconsin Department of Health and Family Services, P.O. Box 309, Madison, WI 53701-0309.

For questions, call Provider Services at (800) 947-9627 or (608) 221-9883 or visit our Web site at [dhfs.wisconsin.gov/medicaid/](http://dhfs.wisconsin.gov/medicaid/).

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